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**Bank Mergers: Dissenters –  
Do State Appraisal Statutes Apply?**

**When a state bank merges into a national banking association, and the state has no statutes for appraising dissenters' rights in the specific context of banking, what appraisal procedures apply: general state law or the appraisal procedures of the Federal National Bank Consolidation and Merger Act?** Answer: The federal Act controls. *Community Bank of Arizona v. G.V.M. Trust*, 04 C.D.O.S. 3917 (9<sup>th</sup> Cir. May 7, 2004).

Here, a state-chartered bank merged into New Community Bank of Arizona, a national bank. Various shareholders of the state bank demanded payment of the fair value of their shares under Arizona's general corporate law, rather than the appraisal procedure under the federal Act. The district court found that federal law controlled, and the Ninth Circuit affirmed.

Why? Because the OCC has approved a merging bank's resort to state law appraisal procedures only where a state statute expressly addresses the appraisal of shares in the specific context of a *bank* merger. See 12 U.S.C. § 215a(d). So, since Arizona had no appraisal statute that was "bank-specific," the federal Act controls: "[W]e conclude that [the dissenting shareholders] must pursue their right to an appraisal in accordance with the provisions of the National Bank Consolidation and Merger Act."

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